

**TENNESSEE DEPARTMENT OF REVENUE  
LETTER RULING # 97-35**

**WARNING**

**Letter rulings are binding on the Department only with respect to the individual taxpayer being addressed in the ruling. This presentation of the ruling in a redacted form is informational only. Rulings are made in response to particular facts presented and are not intended necessarily as statements of Department policy.**

**SUBJECT**

Application of sales and use tax to therapeutic medical beds and mattresses.

**SCOPE**

This letter ruling is an interpretation and application of the tax law as it relates to a specific set of existing facts furnished to the department by the taxpayer. The rulings herein are binding upon the Department and are applicable only to the individual taxpayer being addressed.

This letter ruling may be revoked or modified by the Commissioner at any time.

Such revocation or modification shall be effective retroactively unless the following conditions are met, in which case the revocation shall be prospective only:

- (A) The taxpayer must not have misstated or omitted material facts involved in the transaction;
- (B) Facts that develop later must not be materially different from the facts upon which the ruling was based;
- (C) The applicable law must not have been changed or amended;
- (D) The ruling must have been issued originally with respect to a prospective or proposed transaction; and
- (E) The taxpayer directly involved must have acted in good faith in relying upon the ruling; and a retroactive revocation of the ruling must inure to the taxpayer's detriment.

**FACTS**

[THE TAXPAYER] sells and leases therapeutic medical beds to acute care patients primarily in hospital intensive care units, medical and surgical floors,

and skilled nursing facilities. These specialized medical beds are used in the treatment and prevention of disorders associated with long-term patient immobility such as pneumonia, atelectasis or lung collapse, ventilation profusion problems, pressure ulcerations, skin breakdown and wound infection. The products are intended to substitute for the patient's natural movements which are the body's natural defense against pressure ulcerations, pneumonia and wound infection. Patients requiring the use of the Taxpayer's products typically have lost the ability to move on their own due to spinal cord injury, head injury or coma. The beds are prescribed for the treatment of patients suffering from spinal cord injury, severe pulmonary complications, multiple trauma, severe burns, skin graphs and severe pain. Once it is determined that the patient is no longer in need of the Taxpayer's product, the Taxpayer's medical technicians remove the product from the treatment facility, sterilize the product and make the product ready for use by the next patient.

The Taxpayer's products can be classified into two general treatment classifications: Kinetic Therapy and Pressure Reduction Therapy. In general, Kinetic Therapy is the continuous side to side rotation of the patient. The Kinetic Therapy beds are designed to address complications associated with immobility which include complications resulting from pulmonary and circulatory problems. In addition, the Kinetic Therapy bed helps an immobilized patient avoid complications associated with deep vein thrombosis by increasing venous return. Venous return is the process by which blood is returned from the lower extremities to central circulation. In the healthy person, the act of standing or walking pumps blood from the lower extremities to central circulation. Because an immobilized person can neither stand nor walk, venous return is slowed, often resulting in blood clots. By rotating the patient on one of the Kinetic Therapy beds, the patient's legs are systematically raised to a level higher than the heart thereby enhancing venous return, improving the flow of blood and diminishing the possibility of clotting. This therapy is primarily used for the treatment of patients suffering from spinal cord or head injury.

Pressure Reduction Therapy is used primarily in the treatment of pressure ulcerations, severe burns, skin graphs and open wounds resulting from massive trauma. These beds provide redistribution of the patient's weight and reduction in surface interface pressures, thereby maintaining proper blood flow. The beds included in this group are comprised of a series of cushions that are fed by a manifold that is attached to a blower or motor that pushes air through the cushions. This treatment also helps to prevent the development of additional pressure ulcerations and helps to provided wound infection control. Patients suffering from long-term immobility suffer from increased pressure between the skin and the support surface on which they are placed. This pressure causes the compression of the patient's tissues between the support surface and the patient's bone resulting in the reduction of blood flow to the affected areas. After a period of time, generally a matter of minutes, toxins and chemical wastes

produced by the body's tissues along with oxygen deprivation result in the necrosis or death of the affected tissues.

### **ISSUE**

Whether the Kinetic Therapy beds and Pressure Reduction Therapy beds are exempt from sales and use tax pursuant to Tenn. Code Ann. § 67-6-314(5).

### **RULING**

The Kinetic Therapy beds and Pressure Reduction Therapy beds are exempt from sales and use tax pursuant to Tenn. Code Ann. § 67-6-314(5).

### **ANALYSIS**

Tenn. Code Ann. § 67-6-314(5) provides an exemption from sales tax of "the sale of prosthetics, orthotics, special molded orthopedic shoes, walkers, crutches, surgical supports of all kinds, and other similarly medical corrective or support appliances and devices." The exemption of orthotics has been applied to devices used to brace, support, or align the skeletal or muscular system.

Based on the facts provided, both types of beds are designed to prevent and alleviate complications caused by long-term confinement to bed care and the body's inability to provide proper support. The Kinetic Therapy beds provide support and movement to patients who are not able to move themselves. The Kinetic Therapy beds may also function as a prosthetic device by augmenting the circulatory system's ability to move blood through the body. The Pressure Reduction Therapy beds provide needed support by means of scientifically engineered weight distribution and movement to aid in the flow of blood circulation to and from injured areas. Accordingly, both types of beds are tax exempt as orthotic devices. Tenn. Code Ann. § 67-6-314(5).

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Caroline R. Krivacka, Tax Counsel

APPROVED: \_\_\_\_\_  
Ruth E. Johnson, Commissioner

DATE: 8-13-97